



CATAWBA COUNTY

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ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2010-2011 SHOWS COUNTY IMPROVED FINANCIAL POSITION BY CUTTING SPENDING TO RESPOND TO UNCERTAIN ECONOMY

Catawba County's Comprehensive Annual Financial Report for the fiscal year that ended on June 30, 2011, shows the County continued to deliver services in a prudent fiscal manner in spite of the severe economic recession, which led to \$1.5 million in cuts by the County government during the course of the year.

Marcie Spivey, Audit Director with Martin Starnes & Associates, CPAs, P.A., told the Catawba County Board of Commissioners at its December 5 meeting that "the County improved its financial position" as a result of its conservative approach to budgeting and spending, and proactive responses to a fragile economy.

Spivey told the Board that the County received a "clean" audit opinion for Fiscal Year 2010-2011, and that the firm was pleased with the County's internal control structure and financial accountability throughout the year.

"There were no questioned costs as a result of the audit of the County's Federal and State programs," Spivey concluded. "The Catawba County Board of Commissioners, management and staff should be commended for their proactive response to the adverse economic conditions it faced this past year."

Rodney Miller, Catawba County's Finance Director, discussed several aspects of the County's financial report in his report to the Board.

"Local revenues began to recover modestly as sales tax revenues increased by 2.5% and property tax revenues saw a 0.62% increase from the year before," Miller said. "However, building permit revenues declined by almost 50% and continue to be a significant concern to the local economy."

Property tax revenues increased 0.62% as the County's tax base experienced only limited growth in real property. Property tax collection rates decreased slightly by 0.04%, offsetting an increase of 0.03% for the previous year. The County's tax rate of 53.5 cents per \$100 valuation for the 2010-2011 fiscal year was the ninth lowest among North Carolina counties with a population of 100,000 or more.

On the expenditure side, County spending went down as County departments collectively spent less than was budgeted for Fiscal Year 2010-2011, due to conservative spending habits and a reduction of 2% in operating costs for all departments, equaling approximately \$1.5 million.

When purely local funding is considered, Catawba County's three public school systems and Catawba Valley Community College received the highest percentage of County funding, at 60%. The public school systems and CVCC were spared any cuts in operating funds in the County's budget. Catawba County appropriated \$39,598,951 for operating expenditures for the three school systems and CVCC, a 2.6% increase from the previous year.

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Public Health and Social Services expenditures represented 33% of total expenditures, including State and Federal funds. Expenditures for Public Health and Social Services decreased by approximately 1% from fiscal year 2009-2010, primarily due to the ending of American Recovery & Reinvestment Act (ARRA) grant funding.

Catawba County has traditionally had a goal to keep two months' worth of operating expenses in reserve in part because of cash flow issues, since property tax bills are sent to taxpayers in July but revenues are slow to come in as most taxpayers wait until near the January deadline to make payments. The reserve is also kept in case of emergency circumstances, and to insure adequate funds are available to meet urgent economic development opportunities that may arise during the course of the year.

The audit report showed the County added to this reserve for fiscal year 2010-11 and now has three months worth of operating expenses in reserves. Miller reported this was accomplished by the County's making targeted cuts in all departments and continuing its conservative approach to uncertain economic conditions.

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